

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 20, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2503

Introduced by Assembly Member John A. Perez

February 19, 2010

An act to repeal Section 6429.5 of, and to repeal and add Article 2 (commencing with Section 6420) of Chapter 5 of Part 1 of Division 6 of, the Fish and Game Code, and to add Division 37 (commencing with Section 71500) to the Public Resources Code, relating to ocean resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 2503, as amended, John A. Perez. Ocean resources: artificial reefs.

Existing law establishes a California Artificial Reef Program, administered by the Department of Fish and Game, to include the placement of artificial reefs, as defined, in state waters and a prescribed study of existing successful reefs and new reefs to determine design criteria.

This bill would repeal those provisions and, instead, would enact the California Marine Life Legacy Act to establish a program of artificial reef research and development, administered by the department. The act would authorize the department to approve the conversion of an offshore oil platform or production facility into an artificial reef, if specified criteria are satisfied, including a finding that the alternative of converting the decommissioned offshore oil platform or production

facility into an artificial reef provides a net benefit to the environment compared to the alternative of removing the facilities ~~from the marine environment~~. The act would require the department, for purposes of determining whether such a conversion provides a net *environmental* benefit, to determine criteria for biological evaluation of an oil platform or production facility for use as an artificial reef and to consult with and advise the California Coastal Commission, the State Lands Commission, and other responsible agencies as to those criteria. The act would require the department to determine the cost savings of a conversion, and would require the owner or operator, ~~when all applicable permits and approvals are granted~~ *upon conditional approval* for conversion, to apportion a percentage of the cost savings funds in accordance with a prescribed schedule to the California Endowment for Marine Preservation and the county immediately adjacent to the location of the facility. The act would authorize the department to take title to a decommissioned offshore oil platform or production facility in ~~either state or federal~~ *open coastal* waters if ~~a prescribed agreement is reached~~ *requirements are met*. The act, until January 1, 2014, would establish an accelerated ~~existing~~ platform decommissioning program ~~with alternate provisions~~ for the conversion of ~~certain existing~~ oil platforms or production facilities, ~~including~~ *into artificial reefs, which would include expedited review and* an alternate apportionment schedule.

The bill would establish the California Endowment for Marine Preservation, subject to the Nonprofit Public Benefit Corporation Law, in order to create a permanent source of funding for projects that will conserve, protect, restore, and enhance the open coastal marine resources of the state. The endowment would be governed by a board of directors, with membership and duties prescribed by the bill.

The bill would require the endowment to coordinate its activities with the Department of Fish and Game, the California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the State Lands Commission, and appropriate federal agencies.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. It is the intent of the Legislature that the process*
- 2 *for evaluating the proposed conversion of decommissioned offshore*
- 3 *oil platforms and facilities into artificial reefs take into account*

1 *the findings and recommendations of the study being coordinated*
2 *by the California Ocean Science Trust, with support from the*
3 *California Ocean Protection Council and others, entitled “Study*
4 *to Provide Information Related to Oil and Gas Platform*
5 *Decommissioning Alternatives in California,” which is due to be*
6 *released in June 2010.*

7 **SECTION 1.**

8 **SEC. 2.** Article 2 (commencing with Section 6420) of Chapter
9 5 of Part 1 of Division 6 of the Fish and Game Code is repealed.

10 **SEC. 2.**

11 **SEC. 3.** Article 2 (commencing with Section 6420) is added
12 to Chapter 5 of Part 1 of Division 6 of the Fish and Game Code,
13 to read:

14
15 Article 2. California Marine Life Legacy Act

16
17 6420. The Legislature finds and declares all of the following:

18 (a) This act shall be known, and may be cited, as the California
19 Marine Life Legacy Act.

20 (b) California’s extraordinary marine biological diversity is a
21 vital asset to the state and nation. The diversity of species and
22 ecosystems found in the ocean waters off the state is important to
23 public health and well-being, ecological health, and
24 ocean-dependent industries.

25 (c) A program of artificial reef research and development,
26 including reef design, placement, and monitoring, is in the public
27 interest and can best be accomplished under the administration of
28 the department with the cooperation and assistance of the
29 University of California, the California State University, the
30 California Ocean Science Trust, other established, appropriate
31 academic institutions, and other organizations with demonstrated
32 expertise in the field.

33 (d) This state is currently implementing a system of marine
34 protected areas in order to protect habitat and ecosystems, conserve
35 biological diversity, provide a sanctuary for fish and other sea life,
36 enhance recreational and educational opportunities, and provide
37 a reference point against which scientists can measure changes
38 elsewhere in the marine environment, and may help rebuild
39 depleted fisheries.

1 (e) Efforts to enhance marine diversity through the placement
2 of artificial reefs need to be investigated.

3 (f) A state artificial reef research and construction program
4 under the administration of the department is necessary to
5 coordinate ongoing studies and construction of artificial reefs in
6 waters of the state.

7 (g) It is important to provide adequate funding to meet
8 legislatively imposed mandates.

9 6421. For purposes of this article, the following terms have
10 the following meanings:

11 (a) “Artificial reef” means manmade or natural objects
12 intentionally placed or allowed to remain in place in selected areas
13 of the marine environment to duplicate those conditions that induce
14 production of fish and invertebrates on natural reefs and rough
15 bottoms, support additional biomass, enhance biodiversity and that
16 stimulate the growth of kelp or other midwater plant life that
17 creates natural habitat for those species.

18 (b) “Cost savings” are the difference between the estimated cost
19 to the operator or owner of complete removal of an offshore oil
20 platform or production facility and the costs incurred by the
21 operator or owner of converting a platform or facility into an
22 artificial reef.

23 (c) “Endowment” means the California Endowment for Marine
24 Preservation established in Division 37 (commencing with Section
25 71500) of the Public Resources Code.

26 (d) “National Fishing Enhancement Act of 1984” means Title
27 II of Public Law 98-623.

28 (e) “Offshore oil platform or production facility” means
29 platforms, piers, and artificial islands located seaward of mean
30 lower low water, used for oil and gas exploration, development,
31 production, processing, or storage.

32 (f) “Oil” means any kind of petroleum, liquid hydrocarbons,
33 natural gas, or petroleum products or any fraction or residues
34 therefrom.

35 (g) “Open coastal marine resource” means those marine
36 resources that use open coastal waters as their habitat.

37 (h) “Open coastal waters” means the area composed of the
38 submerged lands of the state that are below the mean lower low
39 water extending seaward to the boundaries of the Exclusive
40 Economic Zone.

1 (i) “Production” means increases in the biomass of a species or
2 number of species.

3 (j) “Program” means the California Artificial Reef Program
4 administered pursuant to this article.

5 (k) “Reef materials” include only materials allowed under the
6 National Artificial Reef Plan, adopted under the National Fishing
7 Enhancement Act of 1984 for construction of artificial reefs.

8 (l) “State waters” means waters within the seaward boundary
9 of the state as identified in Section 2 of Article III of the California
10 Constitution.

11 6422. The department shall administer the program.

12 6423. The program shall include all of the following elements:

13 (a) The placement of artificial reefs, including, but not limited
14 to, decommissioned offshore oil platforms allowed to remain in
15 place as artificial reefs in state and federal waters.

16 (b) A study of existing successful reefs and all new reefs placed
17 by the program to determine the design criteria needed to construct
18 artificial reefs capable of increasing marine biomass and
19 biodiversity in state and federal waters.

20 (c) A determination of the requirements for reef siting and
21 placement.

22 (d) Consideration of modification and use of existing marine
23 structures in both state and federal waters as artificial reefs.

24 6424. The amount allocated for the administration of the
25 program in any fiscal year shall not exceed the amount authorized
26 by applicable state and federal policy guidelines.

27 6426. The Legislature hereby finds and declares all of the
28 following:

29 (a) There is an existing permitting process for decommissioning
30 of offshore oil platforms or production facilities.

31 (b) Decommissioning of the offshore oil platforms or production
32 facilities has already occurred and as part of the permitting process
33 there was some consideration given to converting platforms or
34 facilities into artificial reefs.

35 (c) The operator or owner of offshore oil platforms or production
36 facilities could save a considerable sum of money if the
37 decommissioned offshore oil platform or production facility is
38 allowed by permitting local, state, and federal agencies to remain
39 in place and be converted into an artificial reef.

(d) The savings that result from that conversion should be shared with the citizens of this state.

(e) A mechanism is needed to ensure that if local, state, and federal agencies allow the conversion of an offshore oil platform or production facility to an artificial reef, the citizens of this state would share in the savings and those shared funds would be used to benefit the open coastal marine resources that lie offshore of this state.

(f) Offshore oil platforms may function as artificial reefs and provide habitat for many species, including threatened and endangered species.

6426.1. The department shall serve as the primary authority for managing and operating artificial reefs created from offshore oil platforms or production facilities. The department may obtain funds for the planning, development, maintenance, and operation of those artificial reefs and may accept gifts, subventions, grants, rebates, and subsidies from any lawful source. The department may adopt regulations to implement this article.

6427. ~~The department may~~ *This article establishes a program through which an owner or operator of an offshore oil platform or production facility may voluntarily choose to create an artificial reef from the offshore oil platform or production facility if the requirements of this article and other applicable legal requirements are met. The department may conditionally approve the conversion of an offshore oil platform or production facility into an artificial reef only if the following criteria are satisfied:*

~~(a) The artificial reef will be consistent with the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. Sec. 1801 et seq.) and the National Fishing Enhancement Act of 1984.~~

(a) The conversion of the offshore oil platform or production facility into an artificial reef, and the planning, development, maintenance, and operation of that platform or facility as an artificial reef, would be consistent with all applicable state, federal, and international laws, including, but not limited to, all of the following:

(1) Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. Sec. 1801 et seq.).

(2) The National Fishing Enhancement Act of 1984.

(3) The California Coastal Management Program.

1 (4) *The Marine Life Management Act of 1998 (Chapter 1052*
2 *of the Statutes of 1998).*

3 (5) *The Marine Life Protection Act (Chapter 10.5 (commencing*
4 *with Section 2850) of Division 3).*

5 (6) *State and federal water quality laws.*

6 (7) *Navigational safety laws.*

7 (b) The alternative of converting the decommissioned offshore
8 oil platform or production facility into an artificial reef provides
9 a net benefit to the environment compared to the alternative of
10 removing the facilities from the marine environment. The
11 determination of net environmental benefit shall take into account
12 the contribution of the artificial reef to protection and productivity
13 of fish and other marine life, any adverse impacts to biological
14 resources, water quality, air quality, or any other offshore or
15 onshore environmental impacts from the full removal of the facility
16 that would be avoided by conversion to an artificial reef, and any
17 adverse impacts to biological resources, water quality, air quality,
18 or any other offshore or onshore environmental impacts from the
19 decommissioning and conversion of the facility or from allowing
20 the facility to remain in place as an artificial reef.

21 (c) ~~The artificial reef will be consistent with state and federal~~
22 ~~water quality laws.~~

23 (d) ~~The artificial reef will be maintained in a manner consistent~~
24 ~~with navigational safety and all applicable state, federal, and~~
25 ~~international laws.~~

26 (e) ~~The artificial reef is consistent with the California Coastal~~
27 ~~Management Program, the Marine Life Management Act of 1998~~
28 ~~(Chapter 1052 of the Statutes of 1998), the Marine Life Protection~~
29 ~~Act (Chapter 10.5 (commencing with Section 2850) of Division~~
30 ~~3), and applicable federal law.~~

31 , as determined pursuant to Section 6428.1.

32 (c) *The cost savings that would result from the conversion of*
33 *the offshore oil platform or production facility into an artificial*
34 *reef have been determined pursuant to Section 6429.*

35 (f)

36 (d) The owner or operator of the offshore oil platform or
37 production facility provides sufficient funds to the department for
38 the purposes of conducting department to make the determinations
39 required in this section and Section 6427.5, including, but not
40 limited to, all of the following:

1 (1) An evaluation, *including any necessary research*, of the
2 platform or facility to determine the benefits of the artificial reef
3 sites to biotic productivity, ~~including any necessary research~~.

4 (2) *A determination pursuant to Section 6428.1 whether the*
5 *conversion of the offshore oil platform or production facility into*
6 *an artificial reef provides a net benefit to the environment*
7 *compared to the alternative of removing the facilities from the*
8 *environment.*

9 (3) *A determination pursuant to Section 6429 of the cost savings*
10 *of the proposed conversion of the offshore oil platform or*
11 *production facility into an artificial reef.*

12 ~~(2) Activities that meet the requirements of this subdivision,~~
13 (4) *Other activities undertaken to meet the requirements of this*
14 *section and Section 6427.5, including the costs of reviewing,*
15 *approving, and permitting the proposed projects, which includes*
16 *the costs of determining whether the project meets the requirements*
17 *of all applicable laws and regulations and the costs of*
18 *environmental assessment and review.*

19 ~~(3)~~
20 (5) Overall management of the reef, including enforcement,
21 research, and monitoring, and long-term management, operations,
22 and maintenance.

23 ~~(4) Ensuring that the~~
24 (e) *The owner or operator of the oil platform or production*
25 *facility indemnifies the state against any and all liability that may*
26 *result, including defending the state against any claims against the*
27 *department for any actions the department undertakes pursuant to*
28 *this article. In adopting indemnification requirements under this*
29 *article, the department may consider a variety of mechanisms,*
30 *including an agreement to indemnify the state, an insurance policy,*
31 *a cash settlement, or any other mechanism that ensures that the*
32 *state can defend itself against any liability claims against the*
33 *department for any actions the department undertakes pursuant to*
34 *this article and pay any resulting judgments.*

35 ~~(g)~~
36 (f) *The owner or operator of the offshore oil platform or*
37 *production facility applies for, and receives, all required permits*
38 *and approvals issued by any governmental agency, including, but*
39 *not limited to, the permit issued by the United States Army Corps*

1 of Engineers if the department does not take title to the platform
2 or facility as provided in Section 6427.5.

3 ~~(h)~~

4 (g) For oil platforms or production facilities located in federal
5 waters, ~~the all of the following requirements are met:~~

6 (1) The department and the owner or operator of the platform
7 or facility reach an agreement providing for the department to take
8 title to the platform or facility as provided in Section ~~6427.5, the~~
9 6427.5.

10 (2) The department acquires the permit issued by the United
11 States Army Corps of ~~Engineers, and Engineers.~~

12 (3) The conversion to an artificial reef is approved by the United
13 States Minerals Management Service.

14 6427.1. (a) Upon receipt of conditional approval of the
15 conversion of an offshore oil platform or production facility into
16 an artificial reef pursuant to Section 6427, the owner or operator
17 of the platform or facility shall apportion and directly transmit an
18 amount equaling 50 percent of the cost savings, as determined by
19 the department pursuant to Section 6429, to the following in the
20 following amounts:

21 (1) Ninety percent shall be deposited into the California
22 Endowment for Marine Preservation established pursuant to
23 Division 37 (commencing with Section 71500) of the Public
24 Resources Code.

25 (2) Ten percent shall be deposited with the board of supervisors
26 of the county immediately adjacent to the location of the facility
27 prior to its decommissioning. The amount paid to the county shall
28 be managed pursuant to the provisions of paragraph (1) of
29 subdivision (d) of Section 6817 of the Public Resources Code.

30 (b) The department shall not grant final approval of the
31 conversion of an offshore oil platform or production facility into
32 an artificial reef until all requirements of subdivision (a) are met.

33 (c) Moneys deposited pursuant to this section shall be held in
34 trust for the purposes described in this section.

35 6427.5. The department may take title to a decommissioned
36 offshore oil platform or production facility in ~~either state or federal~~
37 ~~waters if an agreement is reached that will ensure that the cost~~
38 ~~savings identified are deposited according to Section 6429.3, the~~
39 ~~requirements of this article are met, the owner or operator has~~
40 ~~received all applicable government permits and approvals, the~~

1 ~~artificial reef conversion operation is completed or the agreement~~
2 ~~between the department and the owner or operator provides for~~
3 ~~completion of the conversion by the owner or operator subsequent~~
4 ~~to the transfer of title, and the state is indemnified from any liability~~
5 *open coastal waters only if both of the following requirements are*
6 *met:*

7 *(a) The conversion of the oil platform or production facility has*
8 *been approved by the department pursuant to Sections 6427 and*
9 *6427.1.*

10 *(b) The state is indemnified, as required in subdivision (e) of*
11 *Section 6427, from any liability that may result from approving*
12 *the conversion of an offshore oil platform or production facility*
13 *to an artificial reef or any liability that may result from the*
14 *ownership of the reef.*

15 6428. The Legislature hereby finds and declares all of the
16 following:

17 (a) The conversion of offshore oil platforms or production
18 facilities should not be done until there has been a thorough
19 scientific study and evaluation.

20 (b) The costs of such a study should be borne by the operators
21 of offshore oil platforms or production facilities.

22 (c) Each offshore oil platform or production facility creates a
23 unique environment because of its location, depth, and other
24 ecological factors.

25 (d) Because of significant variations, those scientific studies
26 and evaluations should be done for each offshore oil platform or
27 production facility for which an application for the use of the oil
28 platform or production facility as an artificial reef has been made
29 to the department.

30 ~~6428.1. The department, for purposes of determining whether~~
31 ~~any conversion of an~~ *(a) The department shall determine whether*
32 *the conversion of a specified oil platform or production facility*
33 *for use as an artificial reef provides a net benefit to the marine*
34 *environment compared to the alternative of removing the facilities*
35 ~~from the marine environment, shall~~ *oil platform or production*
36 *facility.*

37 *(b) In making the determination pursuant to subdivision (a),*
38 *the department shall take into account the contribution of the*
39 *proposed artificial reef to protection and productivity of fish and*
40 *other marine life, any adverse impacts to biological resources,*

1 *water quality, air quality, or any other offshore or onshore*
2 *environmental impacts from the full removal of the facility that*
3 *would be avoided by conversion to an artificial reef, and any*
4 *adverse impacts to biological resources, water quality, air quality,*
5 *or any other offshore or onshore environmental impacts from the*
6 *decommissioning and conversion of the facility into an artificial*
7 *reef.*

8 (c) (1) *The department shall determine criteria for biological*
9 *evaluation of an oil platform or production facility for use as an*
10 *artificial reef and shall consult with and advise the California*
11 *Coastal Commission, the State Lands Commission, and other*
12 *responsible agencies as to that criteria. The criteria shall include,*
13 *but are not limited to, the depth of the artificial reef in relation to*
14 *its value as habitat and the location of the artificial reef in relation*
15 *to other reefs, both natural and artificial. The criteria shall not*
16 *include any consideration of the funds to be generated by the*
17 *conversion to an artificial reef.* ~~The~~

18 (2) *The department shall commence developing that criteria the*
19 *criteria required by this subdivision upon receiving an application*
20 *for the use of the oil platform or production facility as an artificial*
21 *reef. The department's determination of that criteria is a necessary*
22 *part of any consideration of an application and the costs of*
23 *determining that criteria shall be borne by the applicant or*
24 *applicants, as required in subdivision (d) of Section 6427.*

25 6429. (a) *Prior to the approval of a conversion of an offshore*
26 *oil platform or production facility into an artificial reef pursuant*
27 *to Section 6427, the department shall determine, or cause to be*
28 *determined, the cost savings that will result from the conversion.*

29 (b) *The department shall ensure that any cost savings are*
30 *accurately and reasonably calculated. The department may contract*
31 *or enter into a memorandum of understanding with any other*
32 *appropriate governmental agency or other party, including an*
33 *independent expert, to ensure that cost savings are accurately and*
34 *reasonably calculated.*

35 ~~(b)~~
36 (c) *The department shall use and consider any estimates of cost*
37 *savings made by any governmental agency, including, but not*
38 *limited to, the Internal Revenue Service, the Franchise Tax Board,*
39 *the Minerals Management Service of the United States Department*
40 *of the Interior, and the State Lands Commission. If the department*

1 disagrees with the estimate ~~used~~ *made* by any other agency, the
2 department shall prepare a public report. ~~That public report shall~~
3 ~~explain report that explains~~ any discrepancies and differences
4 between those estimates and ~~provide~~ *provides* the basis for the
5 department's finding that other estimates are less reliable and the
6 department's use of a different cost savings estimate.

7 6429.1. The oil platform or production facility owner or
8 operator at any time prior to transfer of title to the state, at its sole
9 discretion, shall have the right to cease participation in the artificial
10 reef conversion and pursue full decommissioning, subject to
11 reimbursement to the state of the reasonable costs and expenses
12 incurred by the state.

13 6429.2. (a) *Nothing in this article is intended, and it shall not*
14 *be construed, to limit or affect the authority or duties of any state*
15 *or local agency, including, but not limited to, the State Lands*
16 *Commission and the California Coastal Commission.*

17 (b) Nothing in this article shall be construed to do any of the
18 following:

19 (1) Relieve the prior owner or operator of an offshore oil
20 platform or production facility from any continuing liability under
21 any of the following if the liability is associated with seepage or
22 release of oil from an offshore oil platform or production facility
23 that was decommissioned pursuant to an order of, or any action
24 taken by, and in accordance with, any applicable rule or regulation
25 of, any federal or state agency:

26 (A) Any state statute or regulation regarding liability for the
27 spilling of oil.

28 (B) The federal Oil Pollution Act of 1990 (33 U.S.C. Sec. 2701
29 et seq.).

30 (C) Any other provision of law.

31 (2) Establish any new liability on the part of the state.

32 (3) Require any agency with jurisdiction to approve the artificial
33 reef conversion, in whole or in part, of an offshore oil platform or
34 production facility.

35 (4) Promote, encourage, or facilitate offshore oil exploration,
36 development, and production within California's open coastal
37 waters.

38 (5) Require the United States Department of the Interior's
39 Minerals Management Service or the State Lands Commission to

1 modify, amend, or alter an existing oil and gas lease to approve
2 conversion of an offshore oil platform or production facility.

3 (6) Alter any existing law or applicable rule or regulation of
4 any federal or state agency that establishes liability for damages
5 arising with respect to artificial reefs or reef materials, including,
6 but not limited to, components of decommissioned oil facilities.

7 (7) Alter any existing law or policy that protects natural reefs.

8 ~~(8) Alter or limit the authority or duties of any state or local~~
9 ~~agency, including, but not limited to, the State Lands Commission~~
10 ~~and the California Coastal Commission.~~

11 ~~(9)~~

12 (8) Approve any particular method of abandonment.

13 ~~(b)~~

14 (c) Any conversion of an offshore oil platform or production
15 facility for use as an artificial reef shall not be used or counted as
16 mitigation for any environmental impacts or natural resource
17 damages.

18 ~~6429.3. (a) When all applicable local, state, and federal permits~~
19 ~~and approvals are granted to allow any offshore oil platform or~~
20 ~~production facility to be converted into an artificial reef, 50 percent~~
21 ~~of the cost savings to the owner or operator from converting the~~
22 ~~platform or facility into an artificial reef, rather than removing the~~
23 ~~facility, shall be apportioned by the owner or operator to the entities~~
24 ~~described in subdivision (d).~~

25 ~~(b) This section establishes a voluntary program through which~~
26 ~~an individual owner or operator of one or more offshore oil~~
27 ~~platforms or production facilities may choose to participate in a~~
28 ~~program to create an artificial reef from the platform or facility~~
29 ~~with the assent of all local, state, or federal agencies with~~
30 ~~permitting and approval jurisdiction. However, the owner or~~
31 ~~operator of a decommissioned offshore oil platform or production~~
32 ~~facility shall apportion the portion of the savings calculated~~
33 ~~pursuant to subdivision (a) to the entities described in subdivision~~
34 ~~(d) if a platform or production facility is converted into an artificial~~
35 ~~reef in open coastal waters.~~

36 ~~(c) This section does not apply to an offshore oil platform or~~
37 ~~production facility if the majority of the costs of removal of the~~
38 ~~platform or facility will be paid by the federal government, the~~
39 ~~State of California, or a grantee of state tide and submerged lands.~~

~~(d) The funds described in subdivision (a) shall be apportioned as follows:~~

~~(1) Ninety percent shall be deposited into the California Endowment for Marine Preservation. The endowment may expend that money for the purposes of Division 37 (commencing with Section 71500) of the Public Resources Code.~~

~~(2) Ten percent shall be deposited by the owner or operator with the board of supervisors of the county immediately adjacent to the location of the facility prior to its decommissioning. The county shall use those funds for projects within coastal lands and waters. As used in this paragraph, "coastal lands and waters" means those areas composed of those tide and submerged lands of the state that are waterward of the mean high tide line and extending seaward to the boundaries of the Exclusive Economic Zone and those areas landward of the mean high tide line that are also within the coastal zone, as defined and described pursuant to Section 30103 of the Public Resources Code. The projects shall otherwise meet the requirements of Section 71552 of the Public Resources Code.~~

~~(e) The Legislature finds and declares that the purposes set forth in subdivision (d) are special fund purposes:~~

~~6429.4. Nothing in this article is intended, and it shall not be construed, to limit or affect the authority or duties of any state or local agency, including, but not limited to, the State Lands Commission and the California Coastal Commission. Nothing in this division is intended, and it shall not be construed, to be an approval of any particular method of abandonment.~~

~~6429.5. (a) Notwithstanding any other provision of this article, the Accelerated Existing Platform Decommissioning Program is hereby established.~~

~~(b) For purposes of this section, "accelerated program" means the Accelerated Existing Platform Decommissioning Program as established by this section.~~

~~(c) A proposed project to convert an oil platform or production facility for use as an artificial reef pursuant to the accelerated program shall be subject to expedited review pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code). If the department commences review of a proposed project pursuant to the accelerated program, but fails to complete review and make a final determination within the time periods set forth in paragraph~~

1 ~~(1) of subdivision (a) of Section 21100.2 of the Public Resources~~
2 ~~Code as provided in subdivision (e), the application shall be~~
3 ~~considered by the department as provided in Sections 6427 and~~
4 ~~6427.5 and the applicant shall be required to make applicable~~
5 ~~payments as provided in Section 6429.3, but shall not be required~~
6 ~~to make the accelerated program payments provided in subdivisions~~
7 ~~(h) and (i).~~

8 ~~(d) The owner or operator of an offshore oil platform or~~
9 ~~production facility may apply to enroll the facility in the accelerated~~
10 ~~program by submitting to the department an application that meets~~
11 ~~all of the requirements of Sections 6427 and 6427.5, if the owner~~
12 ~~or operator has applied for, but need not have received, all~~
13 ~~applicable permits and approvals issued by federal, state, and local~~
14 ~~government agencies, and contains the following:~~

15 ~~(1) A reefing plan for decommissioning and converting the~~
16 ~~facility to use as an artificial reef, including removal of any portion~~
17 ~~thereof as appropriate to maintain navigational safety.~~

18 ~~(2) A management plan for management of the artificial reef,~~
19 ~~including maintenance in a manner consistent with navigational~~
20 ~~safety and enforcement and monitoring, and, if applicable, a buffer~~
21 ~~zone in which fishing or removal of marine life may be limited or~~
22 ~~prohibited.~~

23 ~~(3) A proposed determination of the net environmental benefit~~
24 ~~of conversion of the facility to an artificial reef, compared to the~~
25 ~~alternative of removing the facility from the marine environment.~~
26 ~~The determination of net environmental benefit shall take into~~
27 ~~account the contribution of the artificial reef to protection and~~
28 ~~productivity of fish and other marine life, any adverse impacts to~~
29 ~~biological resources, water quality, air quality, or any other offshore~~
30 ~~or onshore environmental impacts from the full removal of the~~
31 ~~facility that would be avoided by conversion to an artificial reef,~~
32 ~~and any adverse impacts to biological resources, water quality, air~~
33 ~~quality, or any other offshore or onshore environmental impacts~~
34 ~~from the decommissioning and conversion of the facility or from~~
35 ~~allowing the facility to remain in place as an artificial reef.~~

36 ~~(4) A proposed calculation of the cost savings as defined in~~
37 ~~subdivision (b) of Section 6421.~~

38 ~~(e) Within the time periods set forth in paragraph (1) of~~
39 ~~subdivision (a) of Section 21100.2 of the Public Resources Code~~
40 ~~after receipt of an application that meets the requirements of~~

~~subdivision (d), the department shall complete review of the proposed artificial reef conversion pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and shall make a final determination whether the proposed project meets all of the requirements of this section and of Sections 6427 and 6427.5, if the owner or operator has applied for, but need not have received, all applicable permits and approvals issued by federal, state, and local government agencies, and demonstrates a net environmental benefit of conversion of the facility to an artificial reef, taking into account the factors in paragraph (3) of subdivision (d).~~

~~(f) Prior to making a final determination as provided in subdivision (e), the department shall consult with all responsible agencies and trustee agencies, as defined in Sections 21069 and 21070 of the Public Resources Code, shall provide opportunity for public comment and shall hold a public hearing.~~

~~(g) Upon making a final determination as provided in subdivision (e), the department shall determine the cost savings as provided in Section 6429.~~

~~(h) If the department makes a final determination that the proposed project meets all of the requirements of this section and of Sections 6427 and 6427.5, and demonstrates a net environmental benefit of conversion of the facility to an artificial reef, the department and the applicant may enter into an agreement which shall enroll the facility in the accelerated program, require the applicant to perform the decommissioning and conversion of the facility in accordance with the reefing plan, and require the department to take title to the artificial reef and, following completion of the decommissioning and conversion of the facility, responsibility for implementation of the management plan. Upon the execution of that agreement by the department and the applicant, the applicant shall pay the equivalent of 50 percent of the cost savings apportioned to the California Endowment for Marine Preservation pursuant to Section 6429.3, as determined by the department, to the department for deposit into the General Fund.~~

~~(i) Upon completion of the decommissioning and conversion of the facility to an artificial reef, and upon the transfer of title to the artificial reef to the department, the applicant shall deposit the balance of the cost savings apportioned to the California~~

~~Endowment for Marine Preservation pursuant to Section 6429.3 into the California Endowment for Marine Preservation. The endowment board may expend that money for the purposes of Division 37 (commencing with Section 71500) of the Public Resources Code.~~

~~(j) Within 15 years of the deposit of 50 percent of the cost savings apportioned to the California Endowment for Marine Preservation in the General Fund as provided in subdivision (h), the state shall deposit 80 percent of that sum into the California Endowment for Marine Preservation, and shall pay 20 percent of that sum to the board of supervisors of the county immediately adjacent to the location of the facility prior to its decommissioning.~~

~~(k) If the department and the state enter into an agreement and the applicant pays funds to the department for deposit into the General Fund pursuant to subdivision (h), and that agreement or any required federal, state, or local permit or approval is challenged in court and found to be invalid or unenforceable for any reason, or is rejected, rescinded, or withdrawn for any reason, the state shall return those funds to the applicant within 90 days and the application shall be considered by the department as provided in Sections 6427 and 6427.5.~~

~~(l) The applicant shall provide sufficient funds to the department for the cost of enrolling the facility in the accelerated program, as determined by the department, including the costs of reviewing and approving the application and determining whether the proposed project meets the requirements of this section and all applicable laws.~~

~~(m) This section shall remain in effect only until January 1, 2014, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2014, deletes or extends that date.~~

6429.5. (a) The Accelerated Platform Decommissioning Program is hereby established as an expedited program for meeting the requirements for approval of the conversion of an offshore oil platform or production facility into an artificial reef pursuant to this article. For purposes of this section, "accelerated program" means the Accelerated Platform Decommissioning Program as established by this section.

(b) (1) A proposed project to convert an offshore oil platform or production facility into an artificial reef pursuant to the accelerated program is a project as defined in subdivision (c) of

1 *Section 21065 of the Public Resources Code and is therefore*
2 *subject to the California Environmental Quality Act (Division 13*
3 *(commencing with Section 21000) of the Public Resources Code)*
4 *and qualifies for expedited review pursuant to Section 21100.2 of*
5 *the Public Resources Code.*

6 *(2) Upon receipt of an application for expedited review pursuant*
7 *to this section, the department shall review the application and*
8 *make a determination within the time periods set forth in paragraph*
9 *(1) of subdivision (a) of Section 21100.2 of the Public Resources*
10 *Code whether the proposed project meets all of the requirements*
11 *of this section and this article for conversion into an artificial reef.*

12 *(3) Prior to making a final determination as provided in*
13 *paragraph (2), the department shall do all of the following:*

14 *(A) Consult with all responsible agencies and trustee agencies,*
15 *as defined in Sections 21069 and 21070 of the Public Resources*
16 *Code.*

17 *(B) Provide opportunity for public comment and hold a public*
18 *hearing.*

19 *(C) Determine the cost savings as provided in Section 6429.*

20 *(c) The owner or operator of an offshore oil platform or*
21 *production facility may apply to enroll the facility in the*
22 *accelerated program. In addition to meeting the other requirements*
23 *of this article, the owner or operator of an offshore oil platform*
24 *that chooses to apply as part of the accelerated program shall*
25 *meet application requirements to be designed by the department*
26 *to receive information needed to facilitate review of the application*
27 *within an accelerated timeline. In order to facilitate an accelerated*
28 *review, the department may require the applicant to include any*
29 *or all of the following in the application:*

30 *(1) A reefing plan for converting the oil platform or production*
31 *facility into an artificial reef, including removal of any portion of*
32 *the platform or facility as appropriate to maintain navigational*
33 *safety.*

34 *(2) A management plan for the artificial reef, including*
35 *maintenance in a manner consistent with navigational safety and*
36 *enforcement and monitoring, and, if applicable, a buffer zone in*
37 *which fishing or removal of marine life may be limited or*
38 *prohibited.*

39 *(3) A proposed determination of the net environmental benefit*
40 *of conversion of the facility into an artificial reef, compared to the*

1 *alternative of removing the facility. The proposed determination*
2 *of net environmental benefit shall be based on criteria established*
3 *by the department pursuant to Section 6428.1.*

4 *(4) A proposed determination of the cost savings. The proposed*
5 *determination shall be consistent with the requirements of Section*
6 *6429.*

7 *(d) The information submitted pursuant to paragraphs (1) to*
8 *(4), inclusive, of subdivision (c) shall be used by the department*
9 *for advisory purposes only. Final determinations regarding a*
10 *reefing plan, a management plan, net environmental benefit of the*
11 *proposed conversion, cost savings resulting from the conversion,*
12 *and all other determinations shall be made solely by the department*
13 *based on its independent review and judgment.*

14 *(e) If the department fails to make a final determination within*
15 *the time periods set forth in paragraph (1) of subdivision (a) of*
16 *Section 21100.2 of the Public Resources Code, the department*
17 *shall remove the application from the accelerated program and*
18 *the application shall be considered by the department on a*
19 *nonaccelerated schedule. The applicant shall be required to make*
20 *applicable payments as provided in Section 6427.1, in lieu of*
21 *payments as required in subdivision (g).*

22 *(f) If the department makes a final determination that the*
23 *proposed project meets all of the requirements of this section and*
24 *this article, the department and the applicant may enter into an*
25 *agreement which shall enroll the facility in the accelerated*
26 *program and require the applicant to perform the decommissioning*
27 *and conversion of the facility in accordance with a reefing plan*
28 *approved by the department. The department shall not take title*
29 *to the artificial reef or take responsibility for implementation of*
30 *the management plan until decommissioning and conversion of*
31 *the reef have been completed and all the conditions of Section*
32 *6427.5 have been met.*

33 *(g) Upon execution of an agreement by the department and the*
34 *applicant pursuant to subdivision (f), the applicant shall apportion*
35 *and directly transmit 50 percent of the cost savings, as determined*
36 *pursuant to Section 6429, to the following in the following*
37 *amounts:*

38 *(1) Eighty-five percent shall be deposited into the California*
39 *Endowment for Marine Preservation established pursuant to*

1 *Division 37 (commencing with Section 71500) of the Public*
2 *Resources Code.*

3 *(2) Five percent shall be deposited with the board of supervisors*
4 *of the county immediately adjacent to the location of the facility*
5 *prior to its decommissioning. The amount paid to the county shall*
6 *be managed pursuant to the provisions of paragraph (1) of*
7 *subdivision (d) of Section 6817 of the Public Resources Code.*

8 *(3) Ten percent shall be deposited into the General Fund.*

9 *(h) If the department and the applicant enter into an agreement*
10 *and the applicant pays funds to the department for deposit into*
11 *the General Fund pursuant to subdivision (g), and that agreement*
12 *or any required federal, state, or local permit or approval is*
13 *challenged in court and found to be invalid or unenforceable for*
14 *any reason, or is rejected, rescinded, or withdrawn for any reason,*
15 *the state shall return those funds to the applicant within 90 days*
16 *and the application shall be considered by the department on a*
17 *nonaccelerated schedule.*

18 *(i) The applicant shall provide sufficient funds to the department*
19 *for the cost of enrolling the facility in the accelerated program,*
20 *as determined by the department, including the costs of reviewing*
21 *and approving the application and determining whether the*
22 *proposed project meets the requirements of this section, this article,*
23 *and all other applicable laws.*

24 *(j) This section shall remain in effect only until January 1, 2014,*
25 *and as of that date is repealed, unless a later enacted statute, that*
26 *is enacted before January 1, 2014, deletes or extends that date.*

27 ~~SEC. 3.~~

28 *SEC. 4. Division 37 (commencing with Section 71500) is added*
29 *to the Public Resources Code, to read:*

30

31 **DIVISION 37. CALIFORNIA ENDOWMENT FOR MARINE**
32 **PRESERVATION**

33

34 **CHAPTER 1. FINDINGS AND DECLARATIONS**

35

36 **71500. (a)** The Legislature hereby finds and declares all of the
37 following:

38 **(1)** The Pacific Ocean and its rich marine living resources are
39 of great environmental, economic, aesthetic, recreational,

1 educational, scientific, social, cultural, and historic importance to
2 the people of California.

3 (2) Programs to conserve, protect, restore, and enhance the
4 marine fishery resources of the state are needed because of past
5 overfishing and damage to marine habitats and their ecosystems.
6 These programs should be coordinated with efforts to reduce
7 overfishing and damage to marine habitats and their ecosystems.

8 (3) A program that will speed up the decommissioning of
9 offshore oil platforms will enhance the environmental, aesthetic,
10 and recreational features of the coastal environment. Any offshore
11 oil platforms that are nearing possible retirement should be
12 removed as quickly as possible to improve the aesthetic character
13 of the areas of the California coast that have been adversely
14 impacted by offshore oil activities.

15 (4) The State of California recognizes the need to formulate its
16 environmental and resource management policies based on the
17 best available scientific information and should utilize the
18 University of California, the California State University, other
19 institutions of higher learning, and marine science research
20 institutions to the fullest extent possible to assist it in achieving
21 that goal.

22
23 CHAPTER 2. DEFINITIONS
24

25 71520. Unless the context requires otherwise, the following
26 definitions govern the construction of this division:

27 (a) "Artificial reef" means manmade or natural objects
28 intentionally placed or allowed to remain in place in selected areas
29 of the marine environment to duplicate those conditions that induce
30 production of fish and invertebrates on natural reefs and rough
31 bottoms, support additional biomass, enhance biodiversity, and
32 stimulate the growth of kelp or other midwater plant life that
33 creates natural habitat for those species.

34 (b) "Board" or "endowment board" means the Board of
35 Directors of the California Endowment for Marine Preservation.

36 (c) "Cost savings" are the difference between the estimated cost
37 to the operator or owner of complete removal of an offshore oil
38 platform or production facility and the costs incurred by the
39 operator or owner of converting a platform or facility into an
40 artificial reef.

(d) “Endowment” means the California Endowment for Marine Preservation.

(e) “National Fishing Enhancement Act of 1984” means Title II of Public Law 98-623.

(f) “Offshore oil platform or production facility” means platforms, piers, and artificial islands located seaward of mean lower low water, used for oil and gas exploration, development, production, processing, or storage.

(g) “Oil” means any kind of petroleum, liquid hydrocarbons, natural gas, or petroleum products or any fraction or residues therefrom.

(h) “Open coastal marine resource” means those marine resources that use open coastal waters as their habitat.

(i) “Open coastal waters” means the area composed of the submerged lands of the state that are below the mean lower low water extending seaward to the boundaries of the Exclusive Economic Zone.

(j) “Reef materials” includes only materials allowed under the National Artificial Reef Plan, adopted under the National Fishing Enhancement Act of 1984 for construction of artificial reefs.

(k) “State waters” means waters within the seaward boundary of the state as identified in Section 2 of Article III of the California Constitution.

CHAPTER 3. ESTABLISHMENT

71530. The California Endowment for Marine Preservation is hereby established. The endowment is subject to this division and to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code). If there is a conflict between this division and the Nonprofit Public Benefit Corporation Law, this division shall prevail.

71531. (a) *Nothing in this division is intended, and it shall not be construed, to limit or affect the authority or duties of any state or local agency, including, but not limited to, the State Lands Commission and the California Coastal Commission.*

(b) Nothing in this division shall be construed to do any of the following:

1 (1) Relieve the prior owner or operator of an oil facility from
2 any continuing liability under any of the following, if the liability
3 is associated with seepage or release of oil from an oil facility that
4 was decommissioned pursuant to an order of, or any action taken
5 by, and in accordance with, any applicable rule or regulation of
6 any federal or state agency:

7 (A) Any state statute or regulation regarding liability for the
8 spilling of oil.

9 (B) The federal Oil Pollution Act of 1990 (33 U.S.C. Sec. 2701
10 et seq.).

11 (C) Any other provision of law.

12 (2) Establish any new liability on the part of the state.

13 (3) Require, authorize, or in any way encourage any agency
14 with jurisdiction to approve the reefing, in whole or in part, of an
15 oil platform.

16 (4) Promote, encourage, or facilitate offshore oil exploration,
17 development, and production within California's open coastal
18 waters.

19 (5) Require the United States Department of the Interior's
20 Minerals Management Service or the State Lands Commission to
21 modify, amend, or alter an existing oil and gas lease to approve
22 the reefing of an oil platform in place.

23 (6) Alter any existing law that establishes liability for damages
24 arising with respect to artificial reefs or reef materials, including,
25 but not limited to, components of decommissioned oil facilities.

26 (7) Alter any existing law or policy that protects or otherwise
27 favors natural reefs.

28 ~~(8) Alter or limit the authority or responsibility of the California~~
29 ~~Coastal Commission, the San Francisco Bay Conservation and~~
30 ~~Development Commission, the State Lands Commission, the~~
31 ~~National Marine Fisheries Service, or the Minerals Management~~
32 ~~Service of the United States Department of the Interior.~~

33 ~~(9)~~

34 (8) Promote or encourage any particular method of
35 decommissioning.

36 ~~(b) Further, any~~

37 (c) Any decommissioning of an offshore oil platform or
38 production facility for use as an artificial reef shall not be used or
39 counted as mitigation for any environmental impacts or natural
40 resources damages.

CHAPTER 4. BOARD OF DIRECTORS

71540. The endowment is governed by the Board of Directors of the California Endowment for Marine Preservation. The board consists of nine members appointed by the Governor as follows:

(a) One member who shall be an expert in marine science from the University of California, the California State University, or other accredited university.

(b) One member who shall be an expert in marine fisheries from the University of California, the California State University, or other accredited university.

(c) One member who shall be from a nonprofit, public interest organization with emphasis on marine conservation.

(d) One member who shall be from a nonprofit public interest organization with an emphasis on marine conservation and sustainable consumptive recreational activities.

(e) One member who shall be from a nonprofit public interest organization with an emphasis on marine conservation and sustainable nonconsumptive recreational activities.

(f) The Secretary of the Natural Resources Agency, or his or her designee, who shall also serve as chairperson.

(g) One person who is serving as an elected local government official for a local governmental agency with jurisdiction over, or directly adjacent to, open coastal waters containing oil platforms or production facilities.

(h) Two representatives of the public.

71541. The term of office of each member of the board is six years. However, the term of office for the first board member appointed pursuant to subdivisions (a), (b), and (c) of Section 71540 is two years. The term of office for the first board members appointed pursuant to subdivisions (f) and (g) of Section 71540 is four years.

71542. Any vacancy on the board shall be filled by the Governor by appointment for the unexpired term.

71543. (a) The board shall conduct its initial meeting as soon as possible after incorporation.

(b) The board shall meet as often as required, but at least twice per year.

(c) Members of the board shall attend at least 50 percent of all duly convened meetings of the board in a calendar year. A member

1 who fails to attend at least 50 percent of all duly convened meetings
2 of the board in a calendar year forfeits membership on the board.
3 The vacancy shall be filled pursuant to Section 71542.

4 (d) Members of the board shall receive no salary but shall be
5 paid one hundred dollars (\$100) per day for each meeting and shall
6 be reimbursed for all necessary travel expenses.

7
8 CHAPTER 5. POWERS AND DUTIES
9

10 71550. The members of the board first appointed shall serve
11 as incorporators of the endowment and shall take whatever actions
12 are necessary to establish the endowment pursuant to the Nonprofit
13 Public Benefit Corporation Law (Part 2 (commencing with Section
14 5110) of Division 2 of Title 1 of the Corporations Code) once a
15 majority of the board is appointed.

16 71551. It is the intent of the Legislature that the endowment
17 not be incorporated until funds are made available pursuant to the
18 California Marine Legacy Act (Article 2 (commencing with Section
19 6420) of Chapter 5 of Part 1 of Division 6 of the Fish and Game
20 Code).

21 71552. (a) The purpose of the endowment is to create a
22 permanent source of funding for projects that will conserve, protect,
23 restore, and enhance the open coastal marine resources of the state.
24 To achieve this objective, the endowment board may allocate
25 funding to do any or all of the following:

26 (1) Support applied research into open coastal marine fisheries,
27 marine habitat, or other related research in support of projects to
28 conserve, protect, restore, and enhance the open coastal marine
29 resources of the state. In so doing, the board shall endeavor to take
30 maximum advantage of the scientific research expertise available
31 from the University of California, the California State University,
32 other institutions of higher learning, and marine science research
33 institutions with expertise in marine resource issues. Funding for
34 research projects shall not exceed 10 percent of the overall funding
35 in any fiscal year.

36 (2) Support projects in open coastal waters that enhance
37 environmentally sustainable marine activities.

38 (3) Support projects in open coastal waters to enhance the habitat
39 for open coastal marine life.

1 (4) Support programs in open coastal waters that lead to
2 enforcement of laws regulating the take of open coastal marine
3 species, the protection of habitat, and the protection and monitoring
4 of open coastal marine species and habitat with an emphasis on
5 innovative approaches.

6 (5) Support programs to aid in the establishment of safe fishing
7 levels and reduce or prevent habitat damage in open coastal waters.

8 (6) Support programs to monitor catch and bycatch and to reduce
9 bycatch in fisheries managed by the State of California and by the
10 United States.

11 (b) The endowment board may also do all of the following:

12 (1) Obtain grants from, and contract with, individuals and with
13 private, local, state, and federal agencies, organizations, and
14 institutions.

15 (2) Contract with, or make grants to, conservation and
16 educational organizations; marine institutes; aquariums and
17 museums; institutions of higher education; and local, state, and
18 federal agencies.

19 (3) Loan funds to private, local, state, and federal agencies,
20 organizations, and institutions.

21 (c) The endowment shall create a business plan for a five-year
22 period. The endowment shall update the plan annually.

23 (d) On or before February 1 each year, the endowment shall
24 submit a report to the appropriate fiscal and policy committees of
25 the Legislature for the preceding fiscal year. The report shall
26 include all of the following:

27 (1) The updated business plan created pursuant to subdivision
28 (c).

29 (2) A comprehensive and detailed report of the endowment's
30 operations, activities, financial condition, and accomplishments
31 under this section.

32 (3) A listing of each recipient of a grant from the endowment
33 and the purposes and amount of that grant.

34 (4) A listing of any loan that the endowment has received and
35 the plan for repaying the loan.

36 (5) A report of each independent audit required pursuant to
37 subdivision (e) of Section 71560.

38 71553. Members of the board and appropriate staff shall be
39 available to testify before appropriate committees of the
40 Legislature.

1 71554. The endowment shall not contribute to, or otherwise
2 support, any political party, candidate for elective public office,
3 or ballot measure.

4 71555. The endowment may hire employees and may obtain
5 legal counsel. No employee of the endowment is an employee of
6 the State of California. No employee of the endowment is subject
7 to Chapter 10.3 (commencing with Section 3512) of, or Chapter
8 10.5 (commencing with Section 3525) of, Division 4 of Title 1 of
9 the Government Code. Employees of the endowment have the
10 right to representation consistent with the federal National Labor
11 Relations Act (29 U.S.C. Sec. 151 et seq.).

12 71556. The endowment shall coordinate its activities with the
13 Department of Fish and Game, the California Coastal Commission,
14 the San Francisco Bay Conservation and Development
15 Commission, the State Lands Commission, and appropriate federal
16 agencies, including the National Marine Fisheries Service and the
17 Minerals Management Service of the United States Department
18 of the Interior. Nothing in this division limits the authority and
19 responsibility of any of these agencies.

20
21 CHAPTER 6. FINANCIAL TRANSACTIONS AND AUDITS
22

23 71560. (a) The endowment may receive charitable
24 contributions or any sources of income that may be lawfully
25 received, including loans from the state.

26 (b) The endowment shall administer any funds it receives in
27 accordance with this division.

28 (c) The endowment shall invest and manage any funds it receives
29 so that the investments shall provide a source of income in
30 perpetuity and the principal amount consisting of charitable
31 contributions and donations, including cost savings donated
32 pursuant to ~~Section 6429.3~~ *Sections 6427.1 and 6429.5* of the Fish
33 and Game Code, shall not be spent. Any returns on investments
34 made by the endowment are the only funds that shall be available
35 for expenditure by the endowment.

36 (d) The endowment shall invest and manage any funds it
37 receives in accordance with the Nonprofit Public Benefit
38 Corporation Law (Part 2 (commencing with Section 5110) of
39 Division 2 of Title 1 of the Corporations Code).

1 (e) The accounts of the endowment shall be audited annually
2 in accordance with generally accepted auditing standards by
3 independent certified public accountants.

4 (f) The financial transactions of the endowment for any fiscal
5 year may be audited by the Bureau of State Audits. A report of
6 each audit completed pursuant to this subdivision shall be made
7 to the Legislature and the Governor.

8 (g) Each recipient of assistance by grant, contract, or loan
9 pursuant to this division shall keep records reasonably necessary
10 to disclose fully the amount of the assistance, the disposition of
11 the assistance, the total cost of the project or undertaking in
12 connection with which the assistance is given or used, the amount
13 and nature of that portion of the cost of the project or undertaking
14 supplied by other sources, and other records that will facilitate an
15 effective audit. Each recipient of a fixed price contract awarded
16 pursuant to competitive bidding procedures is exempt from the
17 requirements of this subdivision.

18 (h) The endowment, or its authorized representative, and the
19 Bureau of State Audits shall have access to any records necessary
20 for the purpose of auditing and examining all funds received or
21 expended by the recipients of assistance.

22 71561. The endowment funds shall be administered and
23 managed in accordance with all of the following:

24 (a) Reasonably prudent investor standards that will give the
25 fund the capacity to achieve reasonable rates of return on
26 investment similar to those of other prudent investors for long-term
27 investments.

28 (b) Use of generally accepted accounting practices, and
29 expenditure and investing procedures.

30 (c) Investment policies that are consistent with the Uniform
31 Prudent Investor Act (Article 2.5 (commencing with Section
32 16045) of Chapter 1 of Part 4 of Division 9 of the Probate Code),
33 and with the Uniform Management of Institutional Funds Act (Part
34 7 (commencing with Section 18501) of Division 9 of the Probate
35 Code), as applicable.

36 71562. Funds held by the endowment shall revert to the state
37 or to another public agency or nonprofit organization approved by
38 the state if the endowment does any of the following:

39 (a) Ceases operations.

40 (b) Is dissolved.

- 1 (c) Becomes bankrupt or insolvent.
2 (d) Fails to perform its fiduciary duties.

3
4 CHAPTER 7. MISCELLANEOUS
5

6 ~~71565. Nothing in this division is intended, nor shall it be~~
7 ~~construed, to limit or affect the authority or duties of any state or~~
8 ~~local agency, including, but not limited to, the State Lands~~
9 ~~Commission, the California Coastal Commission, and the~~
10 ~~Department of Fish and Game. Nothing in this division is intended,~~
11 ~~nor shall it be construed, as an approval of any particular method~~
12 ~~of abandonment.~~

13 ~~It is the intent of the Legislature that the process for evaluating~~
14 ~~the proposed conversion of decommissioned oil platforms and~~
15 ~~facilities into artificial reefs shall take into account the findings~~
16 ~~and recommendations of the study being coordinated by the~~
17 ~~California Ocean Science Trust, with support from the California~~
18 ~~Ocean Protection Council and others, entitled "Study to Provide~~
19 ~~Information Related to Oil and Gas Platform Decommissioning~~
20 ~~Alternatives in California," which is due to be released in June~~
21 ~~2010.~~

22
23
24 CORRECTIONS: _____

25 Text—Page 9.
26 _____